

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 1997)

AUG 1 3 28 PM '97
Docket No. R97-1

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.
FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS DAVID R. FRONK (NDMS/USPS-T32-1-16)
(August 1, 1997)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Nashua Photo Inc. (hereinafter "Nashua"), District Photo Inc. ("District"), Mystic Color Lab ("Mystic"), and Seattle FilmWorks, Inc. ("Seattle") (hereinafter collectively referred to as "NDMS"), proceeding jointly herein, hereby submit the following interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

William J. Olson, P.C.

8180 Greensboro Drive, Suite 1070

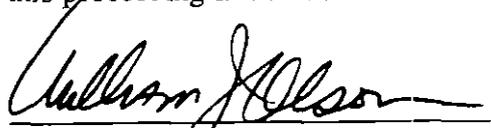
McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Nashua Photo Inc., District Photo Inc.,
Mystic Color Lab, and Seattle FilmWorks, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by hand delivery or mail the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

August 1, 1997

NDMS/USPS-T32-1.

Please refer to your testimony at p. 24, where you refer to LR-H-112.

- a. Did you prepare, or participate in any way in the preparation of, LR-H-112?
- b. Unless your answer to preceding part (a) is an unqualified negative, please describe your role with respect to preparation and conduct of the study contained in LR-H-112.
- c. With respect to LR-H-112, are you sponsoring that study?
- d. Please indicate whether any other witness in this docket is sponsoring LR-H-112.

NDMS/USPS-T32-2.

LR-H-112 states that "we now have Test Year Unit Cost by shape information available from Library Reference H-106 and have used it." pp. 1-2.

- a. Did you prepare, or participate in any way in the preparation of, LR-H-106?
- b. Unless your answer to preceding part (a) is an unqualified negative, please describe your role with respect to LR-H-106.
- c. With respect to LR-H-106, are you sponsoring that study in this docket?
- d. Please indicate whether any other witness in this docket is sponsoring LR-H-106.
- e. LR-H-106 is an extensive document containing a large number of tables. Please provide specific references and cross references to all data in LR-H-106 that were used as input to the study in LR-H-112; *i.e.*, cite the specific places in LR-H-112 where reliance is made on input from LR-H-106, and provide specific citations to the tables and data in LR-H-106.

NDMS/USPS-T32-3.

Would you agree that the nonstandard surcharge for First-Class Mail that you propose at page 24 of your testimony is a surcharge for shape-related cost differences? Please explain fully any disagreement.

NDMS/USPS-T32-4.

- a. For nonpresort and presort mail, the nonstandard surcharges that you propose (16 and 11 cents, respectively) represent what percentage passthrough of the shape-related cost differences?
- b. Please explain fully your rationale for each passthrough of shape-related cost differences that you are recommending.

NDMS/USPS-T32-5.

Either before or at the time you decided on what percentage passthrough to recommend for shape-related cost differences in First-Class Mail, did you consult with witness Moeller to see what passthroughs he was recommending for shape-related cost differences in the Standard A Subclass? Was there any effort to rationalize the shape-related cost passthroughs?

NDMS/USPS-T32-6.

- a. In your opinion, should the percentage passthrough for shape-related cost differences be identical, or at least similar, for First-Class Mail and the Standard A subclass?
- b. Regardless of whether your answer to part (a) above is affirmative or negative, please explain all factors, considerations or principles that you think should be considered

when deciding what percent passthrough is appropriate to recommend for shape-related cost differences.

NDMS/USPS-T32-7.

Please confirm that the nonstandard surcharge which you recommend at page 24 of your testimony applies only to pieces that weigh one ounce or less and fail to meet the size limits specified at page 1 of LR-H-112. Explain fully any nonconfirmation.

NDMS/USPS-T32-8.

Please refer to LR-H-112, Exhibit A, and the unit cost data shown therein.

- a. What is the average weight of single-piece:
 - i. letters with an average cost of \$0.1172?
 - ii. flats with an average cost of \$0.3266?
 - iii. parcels with an average cost of \$0.7457?
- b. What is the average weight of presort:
 - i. letters with an average cost of \$0.0460?
 - ii. flats with an average cost of \$0.2084?
 - iii. parcels with an average cost of \$0.2192?
- c. For the total volume of single-piece letters that were used to estimate an average cost of \$0.1172, what percent weighed one ounce or less?
- d. For the total volume of single-piece flats that were used to estimate an average cost of \$0.3266, what percent weighed one ounce or less?

- e. For the total volume of single-piece parcels that were used to estimate an average cost of \$0.7457, what percent weighed one ounce or less?
- f. Please provide, for presort letters, flats and parcels and their unit costs as shown in Exhibit A, information similar to that provided in preceding parts c, d, and e.

NDMS/USPS-T32-9.

For the study contained in LR-H-112, please explain all efforts that were made to isolate and study the unit cost of pieces of nonstandard First-Class Mail that weighed one ounce or less.

NDMS/USPS-T32-10.

Please refer to LR-H-112, Exhibit A. Explain how the formula shown under "B. Results" takes account of (or corrects for) extra mail processing cost caused by the additional weight of flats, parcels and letters that weigh more than one ounce.

NDMS/USPS-T32-11.

Is it your assumption that the unit cost data in LR-H-112, Exhibit A, isolate the extra cost of processing nonstandard First-Class Mail that weighs less than one ounce or less and does not conform to the size restrictions? If so, please explain how you controlled for the effect of heavier weight pieces.

NDMS/USPS-T32-12.

Aside from the results shown in LR-H-112, to which you refer in your testimony, please cite all other evidence on which you rely that shows the additional cost of processing First-Class Mail that weighs one ounce or less and exceeds the size requirements.

NDMS/USPS-T32-13.

In Base Year 1996, what was the total volume of First-Class single piece and non-automated presort nonstandard pieces that were subject to the surcharge?

NDMS/USPS-T32-14.

Please cite all studies (i) relied on, and/or referenced by Postal Service direct testimony in this docket, and (ii) conducted or updated since 1990, that show the effect of weight on the cost of processing First-Class Mail.

NDMS/USPS-T32-15.

Please explain all reasons why the cost of processing pieces that weigh between 2 and 11 ounces should influence the unit cost and surcharge that are applicable only to pieces that weigh one ounce or less.

NDMS/USPS-T32-16.

- a. Was the study in LR-H-112 prepared by Postal Service employee(s) or by an outside consultant?

- b. If the latter, please supply the name of the consultant or consultant organization that conducted the study and provide a copy of the contact specifications.
- c. Please provide the name, title and current position of the primary author(s) of the study.